

FOR IMMEDIATE RELEASE
January 11, 2005

Contact: Jay Hyde, NAREIT
(202) 739-9425

CBO STUDY MISSES THE POINT

Author's Views Unchanged From Pre-TRIA Remarks

Washington, D.C.—The Coalition to Insure Against Terrorism (CIAT) issued this statement by spokesperson Martin L. DePoy, vice president for government relations at the National Association of Real Estate Investment Trusts®, reacting to a Congressional Budget Office (CBO) paper, “Federal Terrorism Reinsurance: An Update”:

“This ‘new’ CBO study is anything but. Writer David Torregrosa raised the same issues and made similar conclusions in remarks to the Society of Government Economists in March of 2002—nine months before the Terrorism Risk Insurance Act (TRIA) was even enacted!

Beyond using the paper as a forum for his dated personal views, Mr. Torregrosa largely misses the point: unlike natural disasters, terrorism is a unique catastrophic risk characterized by an ever-changing choice of man-made attack modes and targets.

He also wrongly assumes that private-sector reinsurers will fill the coverage gap if TRIA is allowed to expire on Dec. 31. Policyholders represented by the Coalition to Insure Against Terrorism (CIAT) have seen little evidence to suggest that reinsurers are any closer to returning to the market they fled after the attack on America.

CIAT can agree with the author of the CBO paper on at least one point: that without TRIA ‘an especially large loss from a terrorist attack would be likely to produce another episode of scarce coverage, rising prices, and uninsured assets.’ That is why we urge Congress to extend the backstop through 2007 without delay.”

###

The Coalition to Insure Against Terrorism represents a wide range of businesses and organizations throughout the transportation, real estate, manufacturing, construction, entertainment and retail sectors. These groups speak for business insurance policyholders as part of an ongoing effort to ensure that terrorism coverage is both available and affordable. Visit our Web site at www.insureagainstterrorism.org.